

Bureau of Land Management, Interior

§ 3213.24

§ 3213.14 How can my lease automatically terminate?

If you do not pay the rent on or before the anniversary date, your lease automatically terminates by operation of law.

§ 3213.15 Will my lease automatically terminate if my rental payment is on time but for the wrong amount?

(a) If MMS receives your rental payment on time, but it is deficient by a nominal amount, your lease will not automatically terminate. A nominal amount is not more than \$100 or five percent of the total payment due, whichever is less. MMS will notify you if your payment is deficient, and will set a date by which a further payment must be made. If you do not send this further payment in the time allowed, we will terminate your lease as of the anniversary date of the lease.

(b) If your rental payment is deficient by more than a nominal amount, your lease will automatically terminate on the anniversary date of the lease.

§ 3213.16 Will BLM notify me if my lease terminates?

Yes, we will send you a notice of the termination by certified mail, return receipt requested.

§ 3213.17 May BLM reinstate my lease?

Yes, if your lease was terminated for failure to pay your rents on time. You have 30 days from when you receive the termination notice to petition us for reinstatement.

§ 3213.18 Who may petition to reinstate a lease?

All record title owners must sign the petition, though any one record owner can submit it.

§ 3213.19 What must I do to have my lease reinstated?

Send BLM a petition requesting reinstatement. Your petition must include the serial number for each lease and an explanation of why the delay in payment was justifiable. Lack of diligence on your part is not a justification for delaying payment. In addition to your petition, you must also include any past rent owed, any rent that has ac-

crued from the termination date, and the processing fee for lease reinstatement found in the fee schedule in § 3000.12 of this chapter.

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§ 3213.20 Are there reasons why BLM would not reinstate my lease?

We will not reinstate your lease if:

(a) You do not prove that your failure to pay rent on time was justifiable or was not due to your lack of diligence;

(b) We issued a valid lease for any of the lands before you filed your petition for reinstatement; or

(c) The land is no longer available for leasing.

§ 3213.21 When will my lease expire?

Your lease expires at the end of its primary term or extended term if you do not either begin production before the primary term ends or extend your lease under subpart 3208. BLM will not notify you when your lease expires at the end of the primary term.

§ 3213.22 Will BLM notify me when my lease's extended term expires?

No, if you have extended your lease term, we will not notify you when your lease expires at the end of that extended term.

§ 3213.23 May BLM cancel my lease?

(a) Yes, we may cancel your lease, after giving you 30 days notice, if we determine that you violated the requirements of 43 CFR 3200.4. We will also cancel your lease if it was issued in error.

(b) See the following Subparts for information related to Inspection and Enforcement procedures:

(1) Subpart 3254—Exploration operations;

(2) Subpart 3266—Drilling operations; and

(3) Subpart 3277—Utilization operations.

§ 3213.24 When is a cancellation effective?

(a) If BLM cancels your lease because it was issued in error, the cancellation is effective when you receive it.

(b) If BLM cancels your lease because you violated the requirements of 43

§ 3213.25

CFR 3200.4, the cancellation takes effect 30 days from the date you receive notice of the violation.

§ 3213.25 What can I do if BLM notifies me that my lease is being canceled due to violations of the laws, regulations or lease terms?

(a) You can prevent us from canceling your lease following this notice if:

(1) You correct the violation within 30 days; or

(2) You show us that you cannot correct the violation during the 30-day period but that you are making a good faith attempt to timely correct the violation.

(b) You may request a hearing on the record about the violation or proposed lease cancellation. You have 30 days from the date you receive the violation notice to request a hearing. See 43 CFR parts 4 and 1840. We will suspend canceling your lease while your appeal is pending. If a hearing occurs and the administrative law judge decides you committed a violation, you will have 30 days from receiving the decision to correct the violation under paragraph (a) of this section.

Subpart 3214—Personal and Surety Bonds

§ 3214.10 Who must post a geothermal bond?

The lessee or operator must post a bond with BLM before exploration, drilling or utilization operations begin. Before we approve a lease transfer or recognize a new designated operator, the lessee or operator must file a new bond or a rider to the existing bond, unless all previous operations on the land have already been reclaimed.

§ 3214.11 Who must my bond cover?

Your bond must cover all record title owners, operating rights owners, operators and any person who conducts operations on your lease.

§ 3214.12 What activities must my bond cover?

Your bond must cover:

(a) Any activities related to exploration, drilling, utilization or associated operations on a Federal lease;

43 CFR Ch. II (10–1–06 Edition)

(b) Reclamation of the surface and other resources;

(c) Royalty payments; and,

(d) Compliance with the requirements of 43 CFR 3200.4.

§ 3214.13 What is the minimum dollar amount required for a bond?

The minimum bond amount differs depending on the type of activity you are proposing and whether your bond will cover individual, statewide or nationwide activities. The minimum dollar amounts and bonding options for each type of activity are found in the following regulations:

(a) Exploration operations—see 43 CFR 3251.15;

(b) Drilling operations—see 43 CFR 3261.18; and,

(c) Utilization operations—see 43 CFR 3271.12 and 43 CFR 3273.19.

§ 3214.14 May BLM increase the bond amount above the minimum?

(a) We may increase the bond amount beyond the minimums referenced in 43 CFR 3214.13 when:

(1) We determine the operator has a history of noncompliance;

(2) We previously had to make a claim against a surety because any one person who is covered by the new bond failed to timely plug and abandon a well and reclaim the surface;

(3) MMS has notified BLM that a person covered by the bond owes uncollected royalties; or

(4) Our inspection of the property determines that the bond amount is too low to cover the estimated reclamation cost.

(b) We may increase bond amounts to any level, but we will not set that amount higher than the total estimated costs of plugging wells, removing structures, and reclaiming the surface, plus any uncollected royalties due MMS or monies owed to BLM due to previous violations.

§ 3214.15 What kind of financial guarantee will BLM accept to back my bond?

We will not accept cash to back a bond. We will only accept:

(a) Corporate surety bonds, provided that the surety company is approved